

Introduction

By FRANK ROBOTKA
Professor of Economics
Iowa State College

THE PURPOSE of this chapter is to call attention to certain similarities and differences between Swedish and American agricultural and other conditions, to point out their significance, and to suggest questions with which the reader may approach the following chapters. He may find it particularly stimulating if he will read this chapter again after he has read all the others.

Readers of this volume should benefit from the insight which it gives into Swedish culture, traditions and circumstances, and the adaptations the Swedes have made to their environment.

Sweden, the Middle Way, by Marquis Childs, discusses primarily developments in co-operative purchasing of consumers goods by urban people, commonly called consumer co-operation. This book by Åke Gullander discusses primarily developments in co-operation among farmers. The two books thus present a well-rounded picture of co-operative developments in Sweden.

DIFFERENCES IN GOVERNMENTS

Some of the differences between Swedish and American co-operation may be attributed to varying political arrangements and governments. In both

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co-operatives and governments, however, these differences probably reflect more basic contrasts — cultural, environmental, ideological and circumstantial.

In political arrangements, Americans have thus far adhered fairly consistently to a two-party system. The tendency has been for the many special interest “pressure groups” to play one party against the other. In Sweden there are at present five parties. The cleavage among them to a considerable extent is based on special interests. For example, both laborers and farmers have organized themselves into separate political parties rather than relying upon other parties for adequate representation.

What has been the attitude of the government, particularly the present Socialist government, towards farmers, and how have the farmers' interests been affected by their direct participation in politics as a separate party? Why haven't Swedish farmers also seen fit to organize a co-operative party?

Swedish farmers also have a strong national Farmers' Union (a general farm organization) and in addition a national federation of farmers' co-operative associations, each of which maintains its separate identity. What is the division of functions between these organizations? How effective are they and how well do they get along with each other?

The Socialist party is now in control of the Swedish Government. Many Americans fear that co-operation and socialism are much the same thing, or that co-operation ultimately leads to state socialism. What are the facts regarding the relationship between agri-

cultural co-operatives and socialism in Sweden? Is this relationship likely to be any different in America?

Conditions in Sweden differ in many respects from those in America. Yet as one ponders the contents of this book, he becomes aware of the number of ways in which their conditions parallel or have paralleled those in the United States. The range of conditions in Sweden is amazingly great considering the size of that country.

SIMILARITIES AND DIFFERENCES

Whereas farmers in the United States developed strong general farm organizations quite early, it was not until the early '30's that Swedish farmers formed a national farm organization (the Farmers' Union) corresponding in the United States to such organizations as the American Farm Bureau, the Farmers' Union, and the Grange.

There is a strong tendency for farmers in both countries to stress self-help co-operation. Swedish farmers probably have been more reluctant than American farmers to seek government help. Farming groups represent a relatively small proportion of the total population in both countries.

The MacNary-Hauganism and the Sapiroism of the '20's and the Triple A of the '30's in America had their counterparts in Sweden. Farmers there also believed that if they could only get well organized they might be able to say, "This is the price," instead of having to ask, "How much will you pay?"

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Just as in the United States, many factors have presented obstacles to the consolidation of small creameries, meat processing plants, etc., into large-scale and more efficient units. For example, Swedish agriculture and co-operatives have had to make adjustments to the development of good roads and truck transportation.

American farmers should be particularly interested in the experience of Swedish farmers with their co-operatives. Some will feel that American farmers can and should do everything the Swedish farmers have done. Others may insist that because there are differences in conditions, Americans can learn little if anything from Swedish experience.

Co-operatives, like any other institutional arrangement, must first of all have a definite purpose and meet recognized needs. Moreover, they must adapt themselves to economic, social and political situations and the temperamental, ideological, and general cultural characteristics of the people. The value of this volume is tremendously enhanced because Mr. Gullander presents much necessary background material in these respects.

Swedish farmers have much the same objectives and aspirations as Americans. They tend to be little given to theorizing, but to be intensely practical. Because of the stern necessities imposed upon them, they tend to exhibit considerable solidarity in coping with their common problems. They are also traditionally freedom-loving and individualistic, yet they ardently seek security. Since security and free-

dom are conflicting concepts, how have they resolved this conflict? Would Americans have done likewise under similar conditions?

Have Farmers' Co-operatives Abused Their Power?

The fear has often been expressed that comprehensive organization among farmers would lead to inefficiency and exploitation of consumers. Since Sweden does not have anti-trust laws, how are the interests of consumers protected? In America we also have those who believe in farm organizations strong enough to make control of the market possible (i.e., citrus fruits, cranberries, raisins, nuts, prunes, milk, etc.). During the '20's American farmers tried to apply similar methods to wheat, cotton, tobacco, and other products. In general, however, the objective of American co-operatives has been to set the competitive pace, rather than the trade union idea.

Swedish farmers seem to have achieved the desired results in rural electrification merely by collective bargaining. Could we have done likewise in the United States, without organizing co-operatives to distribute current?

Producer vs. Consumer Co-operation

Consumer co-operation in Sweden also is highly developed. Since the members of consumers' co-operatives consist largely of urban workers—who are primarily Socialists—they may secure the protection they deem necessary from a friendly government. In any case, American farm and co-operative

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leaders will be vitally interested in reading about the conflicts that develop between farmers and urban workers and between farmers' and consumers' co-operatives, and how these conflicts have been resolved.

SWEDES LEARNED CO-OPERATIVE PRINCIPLES

Swedish farmers, like American farmers, have had to learn the hard way that successful co-operation entails responsibilities and obligations as well as privileges. For example, they have learned that the pooling type of operation eliminates the risks involved in the speculative, outright purchase of farm products by the co-operative. They have also learned that providing capital and patronage are important obligations of membership in co-operatives. At first, the Swedish farmers did not like these ideas, but apparently they now accept them, perhaps more generally than American farmers do.

Swedish farmers appear to have gone much farther than Americans in federating their local co-operatives into county, district and national organizations. For example, in Sweden, local co-operatives generally supply their local markets, but the selling of the excess over local needs is delegated to a district or national federation or union of co-operatives. Apparently there has been some objection among local co-operatives to such delegation, but they have thereby been able to gain some significant objectives. Of course, the handling of surpluses would present quite a different problem in the United States. Vol-

untary co-operation in America during the '20's proved inadequate to deal with surpluses. As a consequence, American farmers have since enlisted the aid of government in dealing with them.

CO-OPERATIVE PACKING PLANTS

In Sweden, as in Denmark, co-operative bacon factories came into being in response to the need to develop a foreign market for pork products, particularly bacon. However, during the '30's, the bacon factories began to take interest in the home market as well.

As is often the case, the pupil excelled the master. The Swedes carried the idea of co-operative slaughtering to cattle, calves, sheep, and horses, as well as hogs. The Danes felt that there was no place for co-operation in the slaughter of animals for the home market. However, co-operative slaughtering of cattle in Sweden appears to have achieved outstanding success from the beginning. By 1946 about seventy-two per cent of the hogs, cattle, calves, sheep and horses were slaughtered co-operatively by 25 co-operative slaughtering plants. All of these plants now slaughter all of these species of livestock.

Swedish cattle are almost exclusively dairy cattle, and therefore the cattle processed by the co-operative slaughter houses are primarily "worn out" dairy cows, and calves. Previous to the advent of the co-operative, these were bought largely by local butchers on a head basis. In America about half the cattle slaughtered also are dairy cattle. In earlier times

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they also were sold by farmers to a large extent on a head basis, and farmers often complained about prices received. American farmers, however, met the problem by establishing co-operative livestock marketing or shipping associations and co-operative sales agencies in terminal public markets. Through these the farmers were able to gain access to competitive markets, and received more nearly the actual market value of the cattle less the cost of transportation and marketing. Mr. Gullander's story reveals why these methods probably would not have worked in Sweden, and why collective bargaining (as applied in Sweden to electric rates, sugar-beet prices, etc.) might not have solved the problems of marketing livestock.

BUYING AND SELLING CO-OPERATIVES

The co-operatives which Mr. Gullander describes as "buying and selling" co-operatives apparently are to be distinguished from the dairy, egg, and livestock slaughtering co-operatives in that the latter operate on a "pooling" basis, rather than on an outright purchase and sale basis.

However, the buying and selling co-operatives also differ from the others in the commodities handled. That is, they handle not only farm supplies and machinery, but also grain. They thus resemble our farmers' grain elevator associations, which also handle a wide variety of farm supplies. Swedish farmers apparently have not developed co-operatives, such as we have, which are primarily, if not exclusively, supply purchasing organizations.

The Swedish farmers' buying and selling co-operatives apparently deal with their members on the basis of tentative or provisional price settlements at the time of the transactions — whether the settlements are made on the basis of current competitive prices, at cost, or on a basis designed to enable the co-operative to make a year-end distribution in the form of a patronage refund, is not clear. Strangely enough, patronage refunds are not mentioned in the book. How do the buying and selling co-operatives accumulate capital for debt payments and expansion? How are losses shared by members?

The explanation provided in a letter by Mr. Gullander is substantially as follows: When buying and selling co-operatives act as marketing organizations for wheat and other grains, small deductions are made from the proceeds, as in the case of dairy and packing plant co-operatives. However, in providing farm supplies, any net proceeds remaining at the end of the year are not distributed in cash but are applied on the members' unpaid capital subscriptions. In other words, patronage refunds are, in effect, paid to members in the form of shares of capital stock. Each member is required to subscribe for capital stock in proportion to his patronage. Any part of the subscription which is not paid in cash is paid by the application thereon of the member's share of the net proceeds. Members are responsible for any unpaid subscriptions. When a member ceases farming, his capital is refunded to him. Losses are met by drawing upon the available assets of the

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co-operative, and in extreme cases may impair the members' equity in share capital. It is not clear whether any part of the available assets is in the form of reserves set aside to cover contingent costs and losses.

An interesting observation regarding the Swedish buying and selling co-operatives is that patronizing them has in the past usually been optional with members, whereas in the dairy, livestock slaughtering and egg co-operatives, patronage was definitely an obligation of members. However, following World War I, many of the optional patronage co-operatives failed. When they began to reorganize, particularly when grain marketing was undertaken seriously during the '30's, obligatory patronage was substituted for voluntary patronage in order to permit better planning of operations and to reduce the risks of costs being high because of an inadequate volume of business. If acceptance of the obligation to patronize has been found to be a desirable practice in Sweden, why do so many co-operatives in the United States shy away from adopting it? Is it because Americans do not place sufficient emphasis on teaching the fundamentals of co-operation, or is it that the need to co-operate is not as urgent in the United States as in Sweden?

Education and Research

Teaching the principles and purposes of co-operation is a problem in Sweden as it is in America. Co-operatives in Sweden have had difficulty in get-

ting instruction in co-operation included in the schools. There was no instruction on this subject even in the agricultural college as late as the early '20's. Swedish co-operative leaders worry about the fact that the younger generation of farmers as well as the executives and particularly the managers frequently do not share the enthusiasm for co-operation that the pioneers of the movement do. American farmers and their co-operative leaders will be interested in what Swedish co-operatives have done about this problem.

CO-OPERATIVE UNIONS AND FARMERS' UNION

Readers may find it difficult to distinguish between the different kinds of "Unions" among farmers in Sweden. Each of the important specialized groups of local co-operatives, such as dairy, slaughter house, egg marketing, etc., are federated either into county or district societies or unions, and finally into a national union. There are 12 such national co-operative unions. These 12 unions in turn are united in a federation.

In addition to the above organizations, the farmers of Sweden have organized in most of their parishes a general farmers' organization. These parish organizations in turn are federated into district and county *branches*, and the latter into the National Farmers' Union. This setup corresponds to the American system of township, county, state and national farmers' organizations, such as the Farm Bureau, The Grange, and the Farmers' Educational and

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Co-operative Union. In the United States we also have regional, state, and national federations and councils of farmer co-operative organizations.

It should be noted that in Sweden neither the general farm organization (the Farmers' Union) nor its county or district branches themselves engage in commercial activities, as some American county and state general farm organizations do. The decision to maintain this separation of functions was not reached without considerable heated discussion. At first the majority of the Farmers' Union members felt that their organization should settle all of the farmers' problems. The reader will be interested to see how the problem of relationships was finally settled and the differences that have from time to time arisen between these organizations.

County Agricultural Societies

The National Farmers' Union in Sweden speaks for farmers in the sense that trade unions speak for working people. The trade union idea also appears to be the motivating philosophy of Swedish farmers in their co-operatives. This is reminiscent of the Sapiro philosophy espoused by many farm leaders in the United States during the twenties—which came to expression in the establishment of the Federal Farm Board and the promotion of "National Co-operatives." The Swedish Farmers' Union appears not to have had education for one of its major purposes while in the United States county farm bureaus were originally set up to serve as the edu-

cational arms of the agricultural extension services of land-grant colleges. In Sweden the counterpart of American county extension organizations consists of the county agricultural societies, which are maintained and conducted independently of the Farmers' Union and the co-operative unions or federations. These societies in Sweden were started 150 years ago, and were originally financed and controlled by their farmer members, but now are entirely financed by the government.

CO-OPERATIVE ORGANIZATION FEATURES

This book gives no evidence that the farmers' co-operatives of Sweden were patterned after the Rochdale plan, the principles of which have so frequently been cited as the Alpha and Omega of cooperation. On the contrary, until 1930, Swedish farmers patterned their co-operatives after the Danish plan. Since then, they have developed special adaptations to meet their specific needs.

Mr. Gullander's purpose in writing this book has been to present in broad outline form the general background and developments among Swedish self-help farmers' organizations. Consequently, only brief mention is made of organizational and operational features.

About the only reference to Swedish co-operatives doing business with nonmembers appears in a footnote, where it is mentioned as "unfortunately" existing in the buying and selling co-operatives. Apparently the dairy, slaughterhouse, egg marketing,

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and similar co-operatives transact business only for their members.

American co-operatives frequently experience difficulty in accumulating adequate capital. Swedish co-operatives seem to have little difficulty in this respect. Their methods of financing should, therefore, be of special interest to American farmers and their co-operatives. Apparently, the obligations of members to patronize and finance their co-operatives and to accept the risks and responsibilities of ownership and operation are now taken more or less for granted in Sweden.

Voting is generally on the one-man-one-vote basis, although voting on a patronage basis is apparently practiced to some extent in the slaughterhouse co-operatives.

American readers may be confused by the word "executive" used frequently in the text. The "executive" in Swedish co-operatives corresponds to the board of directors in American usage. There, as here, the members of co-operatives at the annual meeting elect the members of the board of directors, and the officers are then selected by the directors from among their number. The directors select the manager and other top employees, the other employees being selected by the manager. However, in the Farmers' Union (the general farm organization) the president, in addition to the other members of the board of directors, is elected by the members at the annual meeting.

Swedish co-operatives obtain their legal status

under a special law for the incorporation of co-operative societies. There are no antitrust laws in Sweden, the existence of which in the United States has necessitated special legislation permitting farmers to market their products through their co-operatives.

